GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4100
ANSWERED ON:09.12.2016
100 per cent FDI
M. Smt. Vasanthi

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India (RBI) has allowed 100 per cent FDI in regulated financial service;

(b) if so, the details thereof;

(c) whether the Government has simplified the rules for easier entry of capital funds to start up ventures; and

(d) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance (SHRI ARJUN RAM MEGHWAL)
(a) to (b) Government has allowed foreign investment upto 100% under automatic route in Other Financial Services regulated by Financial sector regulators.
(c) to (d) The Government has defined Start-up and has allowed Registered Foreign Venture Capital Investor (FVCI) to invest in equity or equity linked instruments or debt instruments issued by a start-up, irrespective of the sector in which it is engaged. A start-up in India with an overseas subsidiary is permitted to open foreign currency account abroad to pool the foreign exchange earnings out of the exports/sales made by the concerned start-up. The overseas subsidiary of the start-up is also permitted to pool its receivables arising from the transactions with the residents in India as well as the transactions with the non-residents abroad into the said foreign currency account opened abroad in the name of start-up. A start-up is also permitted to avail of the facility for realizing the receivables of its overseas subsidiary or making the repatriation through Online Payment Gateway Service Providers (OPGSPs) for value not exceeding USD 10, 000 (US Dollar ten thousand) or upto such limit as may be permitted by the Reserve Bank of India from time to time under this facility. AD-I category banks have been permitted to allow start-ups to raise debt capital funds in the form of External Commercial Borrowings (ECB) under the broad defined framework.